
MIDVALLEY ENTERTAINMENT LIMITED

CHENNAI – 600 034.

24th Annual Report
2012 – 13

MIDVALLEY ENTERTAINMENT LIMITED
CORPORATE INFORMATION

Datuk K. Keetheeswaran
Non- Executive Chairman

K. Murugavel
Executive Director & COO

R.Chandrasegaran
Director

Harakchand Kamal Nayan
Director

S.Yuvaraj
Director

P.Krishnaswamy
Company Secretary

: REGISTERED OFFICE:
9th Floor, GEE GEE Emerald,
312, Valluvar Kottam High Road
Nungambakkam, Chennai – 600034.
Tel : +91-44-28211119
Fax No : +91-44-28212829
Website : www.mvel.in

: STATUTORY AUDITORS
Venkatesh & Co
Chartered Accountant
' Sri Ranga'
151, Mambalam High Road
T'Nagar, Chennai-600017.
Tel : +91-44-28144763/64/65/66
Email: venkateshandco@gmail.com

BANKERS:
Lakshmi Vilas Bank
Nungambakkam , Chennai -34

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 24th Annual General Meeting of the company will be held on Thursday, the 31st October 2013 at 10.00 a.m. at 9th Floor, 312, Valluvar Kottam High Road, Gee Gee Emerald, Nungambakkam, Chennai-600034, to transact the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at 30th April 2013, Profit & Loss Account for the year ended 30th April 2013 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Yuvaraj who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors for the period from conclusion of the Annual General Meeting to conclusion of next Annual General Meeting and decide their remuneration. The retiring auditors M/s. Venkatesh & Co, Chartered Accountants are eligible for re-appointment.

By Order of the Board of Directors
For Midvalley Entertainment Limited

(Sd/-)

P KRISHNASWAMY
Company Secretary

Date: 01.10.2013
Registered Office:
9th Floor, GEE GEE Emerald
312, Valluvar Kottam High Road
Nungambakkam
Chennai – 600 034.

Notes:

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power of authority should however be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.
- (2) The Register of Members and the Share Transfer books of the company will remain closed from 28th October 2013 to 31st October 2013 (both days inclusive).
- (3) Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing such representatives to attend and vote at the Annual General Meeting.
- (4) In the case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
- (5) As a measure of economy copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of Annual Report to the Meeting.
- (6) Pursuant to the provisions of Section 109A of the Companies Act, shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B duly filled in and signed by them, to the Registrars and Transfer Agents M/s. Cameo Corporate Services Limited, Chennai-600 002 and to the Depository Participants in case the shares are held in electronic form.
- (7) All documents referred to it in the accompanying Notice are available for inspection by the members at the registered office of the company on all working days between 11.00 a.m. and 01.00 p.m. prior to the date of the Meeting.
- (8) Details of directors seeking appointment/ re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement

At the ensuing Annual General Meeting, Mr. S.Yuvaraj, retires by rotation and being eligible offer himself for reappointment. The information or details pertaining to the Director to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange are furnished in the Report on Corporate Governance published in the Annual Report.

By Order of the Board of Directors
For Midvalley Entertainment Limited

(Sd/-)
P. KRISHNASWAMY
Company Secretary

DIRECTOR'S REPORT

TO ALL MEMBERS

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of the Company along with the Audited statement of accounts for the year ended 30th April 2013.

1. FINANCIAL RESULTS

The highlights of the financial results of the Company for the year ended 30-4-2013 compared with the previous year are given below:-

PARTICULARS	{Rs in lakhs}	
	AS ON 30-04-2013	AS ON 30-05-2012
Total Income	.038	585.83
Profit/(Loss) before Taxation	(713.72)	(2452.85)
Less: Provision for Taxation	-	-
Add/(Less): Provision for deferred taxation	122.99	260.52
Less: Income tax of earlier year	-	-
Net profit/(Loss) after tax	(590.73)	(2192.33)
Add: Profit brought forward	(291.41)	1900.93
Amount available for appropriation	-	-
Balance carried forward	(882.14)	(219.41)

The Profit/(Loss) before tax(PBT) for the year was Rs.(713.72) Lakhs as compared to the previous year figure of Rs.(2452.85) Lakhs. The net profit/(Loss) after tax for the year was Rs.(590.73) Lakhs compared to Rs.(2192.33) lakhs last year.

3. DIVIDEND

Considering your Company's expansion and the necessity to preserve funds for the future business plan of your Company, on a conservative basis, your directors have not recommended any dividend for the year.

4. DIRECTORS

Mr. S.Yuvaraj, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year under review Mr.K.Ramadasan, Director resigned from the office of Directorship, due to his pre commitments.

5. PUBLIC DEPOSITS

During the year your Company has not received any deposits nor renewed any deposit from the public.

6. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year under review the Company has not booked overseas revenue or incurred any expenditure.

7. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956

The particulars required to be given in terms of section 217(1)(e) of the companies Act, 1956 regarding conservation of energy, technology absorption are not applicable to your company.

None of the employees of your company fall under this section 217(2A).

8. QUALITY MANAGEMENT SYSTEM

The Company continues to lay emphasis on excellence in quality and services and is committed to total customer satisfaction.

9. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm;

- A. That in the preparation of Annual Accounts, the applicable accounting standards have been followed and no material departures have been made.
- B. That they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the year under review.
- C. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud & other irregularities.
- D. The annual accounts have been prepared on a going concern basis.

10. CORPORATE GOVERNANCE

Your Company will always strive to incorporate appropriate standards for good corporate Governance.

11. AUDITORS

Messrs Venkatesh & Co, Chartered Accountants, Statutory auditors of the Company retire on the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

12. REPLY TO AUDITORS' QUALIFICATION/OBSERVATION

No provision has been made in the accounts for Gratuity since the payments are made on a cash basis and the necessary provision will be made as and when the liability arises.

No provision has been made for the Debtors, which the management considers, that the debts are realizable.

The company has taken steps subsequently to file income tax returns for the years 2010-11, 2011-12 & 2012-13.

The Media & Entertainment industry is going on a tough phase and the company does not want to incur losses. So, the company has not transacted any business and the management is hopeful of entering into new lines of entertainment industry in the next year.

The company has updated the fixed assets register subsequently.

13. PERFORMANCE OF THE COMPANY

During the year the company made a loss of Rs.590.73 lakhs.Previously, the company was in the business of leasing theatres in Tamil nadu and Andhra Pradesh. But, the theatres have only 15% occupancy in a year and leasing of theatres was not a profitable venture. Media & Entertainment Industry is going in a tough phase and the company is cautious in investing money. The company explores various opportunities to utilize funds in other areas of Media & Entertainment Industry,like Distribution,satellite channels and production of T.V serials etc.In the coming years Management is confident of of better growth and profitable revenues.

14. SUSPENSION OF TRADING

Trading was suspended in Bombay Stock Exchange Limited w.e.f. 7th July,2012. Efforts are being made to revoke the suspension of trading.

15. ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the contribution made by the employees at all levels enabling the Company to achieve the performance under review.

Your Directors also appreciate the valuable co-operation and continued support extended by the Company's Bankers, Distributors and various Government authorities for their trust and confidence in the Management of the Company. Finally your Directors are deeply grateful to the members for their continued confidence & faith in the management of the Company.

For and on behalf of the Board
For Midvalley Entertainment Limited

Sd/-

Sd/-

Place: Chennai
Date: 1.10.2013

K Murugavel
Executive Director & COO

S.Yuvaraj
Director

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and Developments:

The Entertainment industry is one of the fastest growing sectors in the County at an 18% compound annual growth over the past decade. The Media and entertainment industry offers secular growth from revenue opportunities in several areas such as advertising, subscription, TV Content providers, movie and music. Spending on entertainment is one of the largest components of discretionary household expenditure in most developed markets.

The Entertainment industry has always been successful in drawing masses from the days of Roman Gladiators to present day movies. Given the inevitable convergence between entertainment and telecommunication, the potential of the industry is unlimited. From the capital market to the corridors of power there is a buzz about entertainment. Entertainment has perhaps come to be regarded as the fourth basic need of mankind after food, clothing and shelter.

The industry is projected to grow at a Compounded Annual Growth Rate (CAGR) at 14 percent to reach INR 1,275 billion by 2015 as tabulated below says the FICCI – KPMG report

Overall Industry size (INR Bn)	2007	2008	2009	2010	CAGR (2007-10)	2011P	2012P	2013P	2014P	2015P	CAGR (2010-15)
Television	211	241	257	297	12%	341	399	455	533	630	16%
Print	160	172	175	193	6%	211	231	254	280	310	10%
Film	93	104	89	83	-3%	91	98	109	120	132	10%
Radio	7	8	8	10	11%	12	15	18	21	25	20%
Music	7	7	8	9	5%	9	11	13	16	19	17%
Out of Home	14	16	14	17	6%	19	22	24	27	30	12%
Animation and VFX	14	17	20	24	18%	28	33	40	47	56	19%
Gaming	4	7	8	10	32%	13	17	23	31	38	31%
Digital Advertising	4	6	8	10	39%	13	18	22	28	36	28%

COMPANY OVERVIEW

The company has tied up with Indian agent for acquiring content and screening rights for films at Domestic & International levels

a) **Exhibition – Theatres:**

Previously we are operating Theatres in South Indian Region (Tamilnadu, Andhra & Karnataka). But we felt after sometime that the leasing of theatres is not a profitable venture, as average occupancy rate is only 15% and maintenance cost will be more.

We strived our best and with the experience, we are trying to seek other alternatives and we are working out future business plans

We are doing our best to achieve the targets.

b) **Distribution:**

In the distribution sector we are trying to look out for the best content for Distribution at our theatres. We have accumulated to our library a good numbers of content which will be useful and handy for us when there is shortage in the local market.

Infrastructure:

The company has necessary infrastructure to carry out any operations under “Media & Entertainment.”

Operations:

Your company's turnover & other income during the year was Rs .038 lakhs as against Rs.585.83 lakhs in the previous year. The company made a loss of Rs. 590.73 lakhs as against Rs.2452.85 lacks in the previous year.

Financial at a Glance:

Paid up capital of the company is Rs.3422.46 lakhs and the reserves & Surplus amount to Rs.5233.87 lakhs.

Loss before taxation for the year amounted to Rs.713.72 lakhs compared to Rs.2452.85 lakhs last year. Loss after taxation for the year was Rs.590.73 lakhs compared to Rs.2192.33 lakhs last year.

ANALYSIS – MEDIA & ENTERTAINMENT INDUSTRY

STRENGTHS:

1. Media and Entertainment is one of the most booming sectors in India due to its vast customer reach. The various segments of the Media and Entertainment industry like television and film industry have a large customer base.
2. The growing middle class with higher disposable income has become the strength of the Media and Entertainment industry.
3. Change in the lifestyle and spending patterns of the Indian masses on entertainment.
4. Technological innovations like online distribution channels, web-stores, multi – and mega- plexes are complementing the ongoing revolution and the growth of the sector.
5. Indian film industry is second largest in the world and the largest in terms of the film produced and tickets sold.
6. The low cost of production and high revenues ensure a good return on investment for Indian Media and Entertainment industry.

WEAKNESSES:

1. The Media & Entertainment sector in India is highly fragmented.
2. Lack of cohesive production & distribution infrastructure, especially in the case of music industry.
3. The lack of efforts for media penetration in lower socio-economic classes, where the media penetration is low.

OPPORTUNITIES:

1. The concept of crossover movies has helped open up new doors to the crossover audience and offers immense potential for development.
2. The increasing interest of the global investors in the sector.
3. The media penetration is poor among the poorer sections of the society, offering opportunities for expansion in the area.
4. The nascent stage of the new distribution channels offers an opportunity for development.
5. Rapid de-regulation in the Industry.
6. Rise in the viewership and the advertising expenditure.
7. Technological innovations like animations, multiplexes, etc and new distribution channels like mobiles and internet have opened up the doors of new opportunities in the sector.